

Environment: Our Environmental Stewardship

We acknowledge that the role of planetary health, reflected in the state of Earth's natural systems and their capacity to sustain life, is deeply interconnected with our efforts to address climate change. Scientific evidence shows that six out of nine planetary boundaries have already been transgressed, indicating increasing pressure on the Earth's systems and a potential shift away from a safe operating space for humanity.

Considering these challenges, we are aware of our environmental footprint and reaffirm our responsibility in protecting and revitalising natural ecosystems. Our sustainability agenda must intertwine with climate considerations, avoiding a narrow focus on a “carbon tunnel vision”. While decarbonisation remains essential, we embed it within a broader approach that also addresses other environmental crises such as biodiversity loss, water scarcity, air pollution and resource depletion.

Guided by this responsibility, we are committed to embedding sustainable practices across our operations to support the transition towards a greener, low-carbon future. While climate change remains a pressing concern, thresholds of planetary boundaries reveal that the breach of biosphere integrity, our planet’s capacity to support diverse life, is even more severe. This broader imperative to safeguard planetary health guides our sustainability agenda, influencing the way we operate and driving long-term value for both the environment and our stakeholders.

As a multi-sector player, we understand the environmental impact of our operations. Therefore, we proactively manage our use of resources, emissions and waste, while promoting innovation in environmentally responsible product design and biodiversity conservation. We remain steadfast in upholding our commitment to environmental stewardship, guided by our Policy Statement on Environment and strengthened by the Group’s two-pronged climate strategy, R₂O, to build long-term resilience against the impacts of climate change while reducing our carbon emissions.

Looking ahead to FY2026 and beyond, we will continuously enhance the accuracy and robustness of our disclosures, with a strong focus on

improving emissions tracking and reporting. Backend systems and data infrastructure are currently being upgraded to support this and we anticipate more granular and up-to-date emissions data to inform our net-zero carbon strategies.

Please refer to R₂O Strategy on pages 193 to 197 for more information

ADVANCING LOW-CARBON OPERATIONS AND VALUE CHAIN

Energy consumption and management remains a critical focus towards our operational excellence and climate resilience. As a diversified company with activities across construction, property

development and infrastructure, effective energy management directly influences our environmental impact, cost optimisation and long-term sustainability. Reducing energy consumption and improving efficiency across our operations not only lower our greenhouse gas emissions but also future-proof our business and operations against rising energy costs and regulatory pressures. Through investments in energy efficient technologies, renewable energy solutions and continuous monitoring, IJM is committed to advancing a low-carbon transition within our operations, while delivering value to stakeholders and the environment.



Industrialised Building System (IBS) reduces environmental impacts caused by construction works

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Energy Management

Aligned with our R₂O strategy, we are committed to advancing energy optimisation across our operations by enhancing efficiency and reducing reliance on fossil fuels. In FY2025, our total energy consumption was 155,478.5 MWh, marking a reduction of 1.6% compared to the previous year. Additionally, 23,527.2 MWh of energy consumed by subcontractors at our project sites has been reported under Scope 3, Category 1, demonstrating our expanded boundary of accountability in tracking indirect emissions within our value chain.

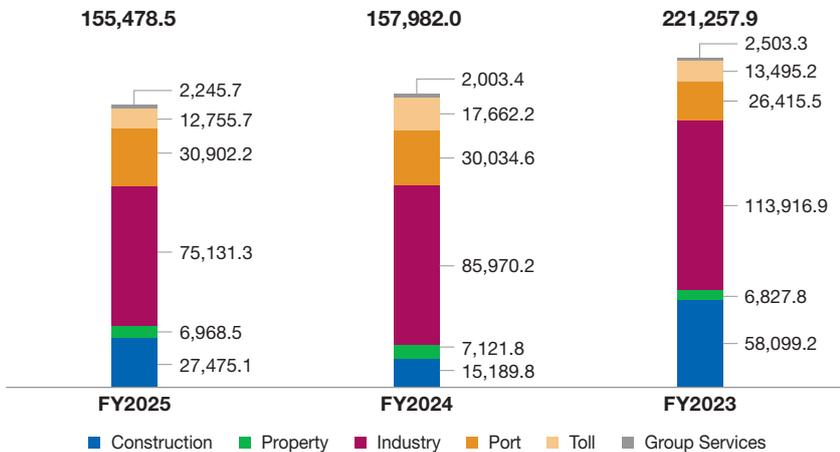
Our renewable energy generation capacity has expanded to a total of 8,179.5 kWp, driven by various initiatives aimed at accelerating renewable energy adoption through the installation of solar photovoltaic (PV) systems across our project

sites, factories and highways. As a result, energy consumption from renewable sources amounted to 6,604.5 MWh, which is 4.2% of total energy consumption in FY2025, contributing to a cleaner energy mix and supporting our transition towards low-carbon operations.

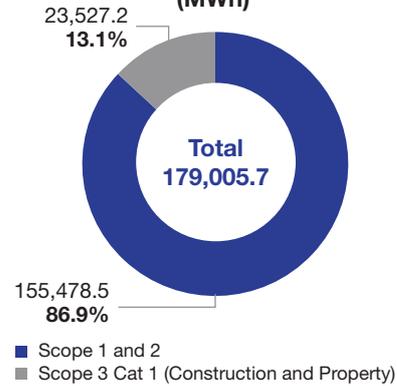
We are actively expanding our renewable energy mix in line with our R₂O commitments. While our primary focus is on on-site renewable energy generation, we are also exploring alternative mechanisms such as green tariffs, virtual power purchase agreements (VPPAs) and other innovative solutions to accelerate our transition. As part of these efforts, we continue to seek opportunities to install and integrate renewable energy systems across our operational footprint, including sales galleries, manufacturing facilities and construction sites.

In addition to expanding our renewable energy capacity, we are also actively pursuing opportunities to reduce overall energy consumption. This includes adopting energy-efficient technologies and incorporating passive design strategies in our operations and building designs to decrease energy demand. Through these combined efforts, we aim to enhance energy performance, lower operational costs and support our broader decarbonisation goals.

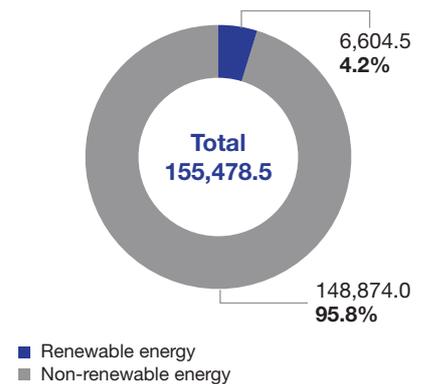
Total Energy Consumption by Division (MWh)



Energy Consumption (Direct Operations and Subcontractors) (MWh)



Total Energy Mix in FY2025 (MWh)



Note:

- Renewable energy: Energy consumption from renewable sources generated from solar PV panels
- Non-renewable energy: Petrol, diesel and natural gas (Industry Division only) usage from company vehicles, mobile and stationary equipment
- Energy consumption only for direct operations (Scope 1 and 2)



Hybrid Rubber Tired Gantry (RTG) operating at Kuantan Port



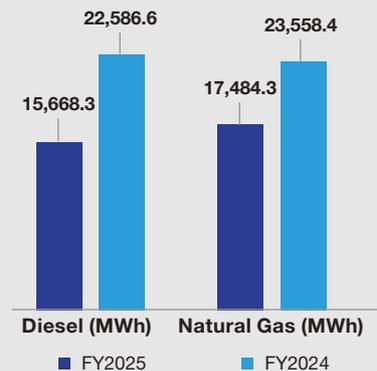
Concrete curing process at ICP factories

Fuel-saving Programme to Improve Energy Efficiency

The Industry Division has implemented a fuel-saving programme aimed at reducing the steaming process in the manufacturing of spun piles. By optimising operational planning and resource allocation, the programme reduces reliance on the energy-intensive boiler steaming process. This initiative has been rolled out across several factories in Jawi, Ulu Choh, Senai

and Kuantan, where a gradual reduction in fuel consumption of 30.6% for diesel and 25.8% for natural gas was observed. As part of our continuous improvement efforts, we are currently targeting zero steaming for spun piles at the upcoming ICP Bestari Jaya factory, which marks a significant step towards lowering fuel consumption, reducing emissions and enhancing production efficiency.

Fuel Consumption by Type (MWh)



Advancing Solar PV Integration in Operations

As part of our broader decarbonisation efforts, the Construction Division has initiated the integration of solar-powered solutions across selected sites to reduce reliance on conventional energy sources and minimise carbon emissions.

In June 2024, we launched a solar panel installation at the Central Workshop, aimed at assessing the viability of renewable energy in supporting our operational energy needs. Since its implementation, the system has delivered promising results, reducing electricity consumption by 20-50%. We have also deployed a solar-powered tower light at our site, in our efforts to promote low-carbon site operations.



Solar-powered tower light at site



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Managing our Carbon Footprint

In FY2023, we established our carbon emissions baseline following the completion of a carbon footprint assessment that comprised the screening and profiling of the Group’s emissions, accounting for Scope 1, Scope 2 and eight relevant categories of Scope 3 emissions, covering 126 operational sites and entities. In FY2024, we expanded our coverage to 130 operational sites in Malaysia and India. This approach was maintained in FY2025, with data coverage across 133 sites in both Malaysia and India operations.

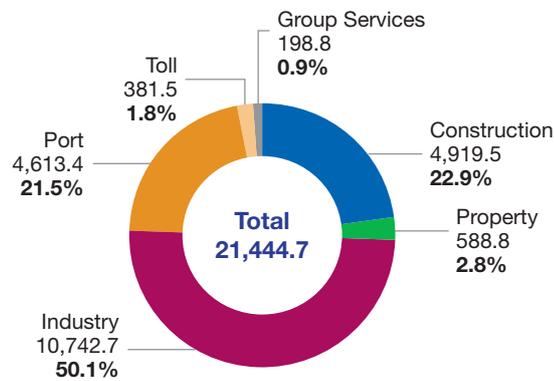
As part of our ongoing decarbonisation journey, we are actively working to align our capital expenditure and resource allocation plans with our emissions reduction goals. To support this, we are piloting the use of quantitative tools such as the Marginal Abatement Cost Curve (MACC), drawing on historical initiative data and forward-looking market projections to refine the cost-benefit analysis of current and future decarbonisation levers. In parallel, we will quantify climate-related risks and opportunities in line with IFRS S2, creating a holistic view that marries financial and sustainability considerations. These enhancements will allow us to prioritise both capital and operational investments more effectively, while positioning the Group to obtain reasonable assurance for our Scope 1 and Scope 2 emissions disclosures by the stipulated regulatory timeline.

Scope 1:

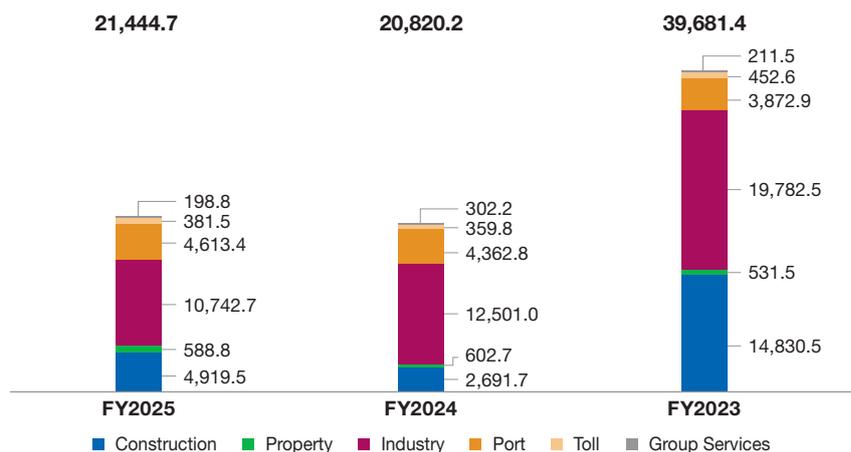
Emissions under Scope 1 accounted for 2.0% of our total carbon footprint. Scope 1 emissions include all emissions released directly by our operations such as:

1. Mobile combustion: Fuel purchased for company-owned vehicles and mobile equipment at project sites, factories and offices (e.g., company vehicles, mobile gensets, forklifts, on-site machinery, etc.)
2. Stationary combustion: Natural gas-fired boilers at Industry Division factories and diesel-fired stationary equipment at project sites, factories and offices
3. Fugitive emissions: Refrigerant leaks from air conditioning units/systems used at offices

Scope 1 Emissions in FY2025 (tCO₂e)



Scope 1 Emissions by Division (tCO₂e)



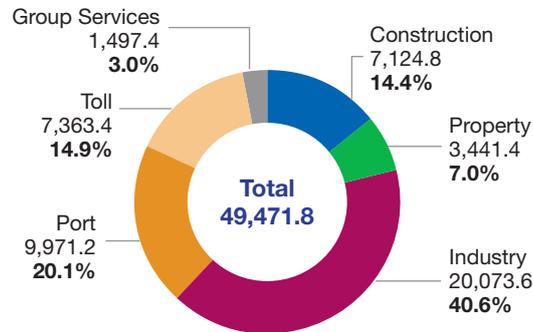
Scope 2:

Emissions under this scope accounted for 4.6% of our total emissions. Scope 2 emissions are emissions associated from purchased electricity (location-based) consumed by offices, factories, street lightings and equipment used in our operations. No other form of energy was purchased by the Group, such as chilled water or steam for chilling and cooling in FY2025.

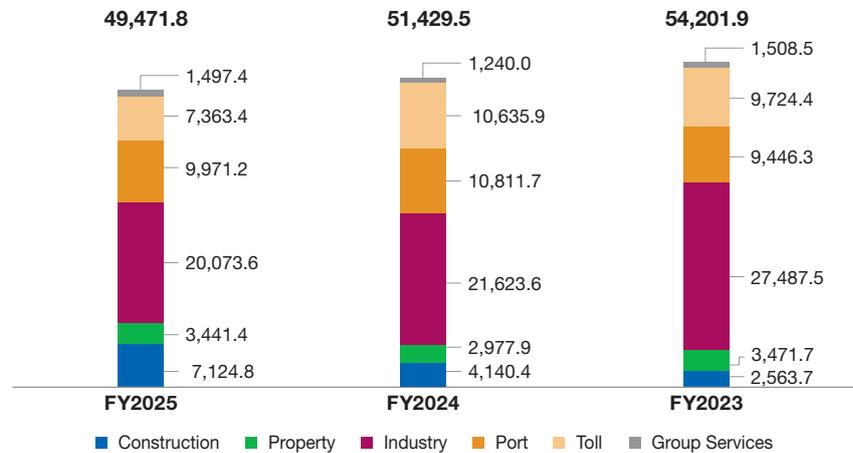


Solar panels at Industry Division's Lumut factory

Scope 2 Emissions in FY2025 (tCO₂e)



Scope 2 Emissions by Division (tCO₂e)



Scope 3:

Emissions under this scope include all other indirect emissions generated across our value chain that accounted for 93.4% of our total emissions. For FY2025, we have collated data for eight out of the 15 categories under Scope 3:

Scope 3	Asset Boundary	Calculation Methodology
Category 1 <i>Purchased goods and services</i>	<ul style="list-style-type: none"> Construction Division Property Division Industry Division 	Average-data method
Category 4 <i>Upstream transportation and distribution</i>	<ul style="list-style-type: none"> Construction Division Property Division Industry Division 	Distance-based method
Category 5 <i>Waste generated</i>	IJM Group	Average-data method
Category 6 <i>Business travel</i>	IJM Group	Distance-based method used where practical. Where data is limited, spend-based method was used
Category 7 <i>Employee commuting</i>	IJM Group	Total emissions estimated from the extrapolation of 80% participation rate from FY2025 survey based on average distance commuted
Category 11 <i>Use of sold products</i>	Port Division	Distance-based method
Category 13 <i>Downstream leased assets</i>	<ul style="list-style-type: none"> Menara Prudential leased by IJM Corporation The Clubhouse operations in Bandar Rimbayu by Property Division Quarry and sand mining operations in Malaysia and all quarry and ready-mixed operations in India under Industry Division Tenants at Kuantan Port 	Asset-specific method
Category 15 <i>Investments</i>	<ul style="list-style-type: none"> LEKAS Highway by Toll Division 	Proportional Scope 1 and 2 emissions using the investment-specific method based on the equity share of investment for joint venture in LEKAS Highway

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Definition:

Average-data method: Estimating emissions for goods and services by collecting data on the mass (e.g., kilograms or pounds), or other relevant units of goods or services purchased and multiplying by the relevant secondary (e.g., industry average) emission factors (e.g., average emissions per unit of good or service).

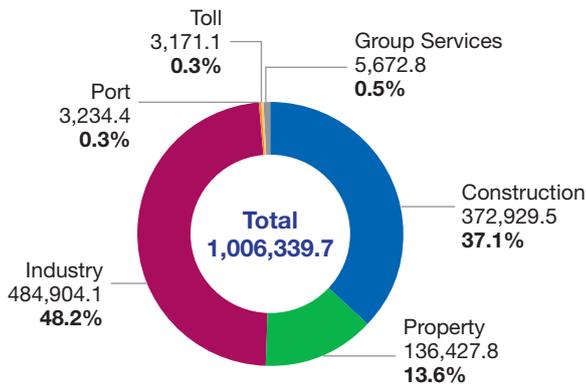
Distance-based method: Determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used.

Spend-based method: Estimating emissions for goods and services by collecting data on the economic value of goods and services purchased and multiplying it by relevant secondary (e.g., industry average) emission factors (e.g., average emissions per monetary value of goods).

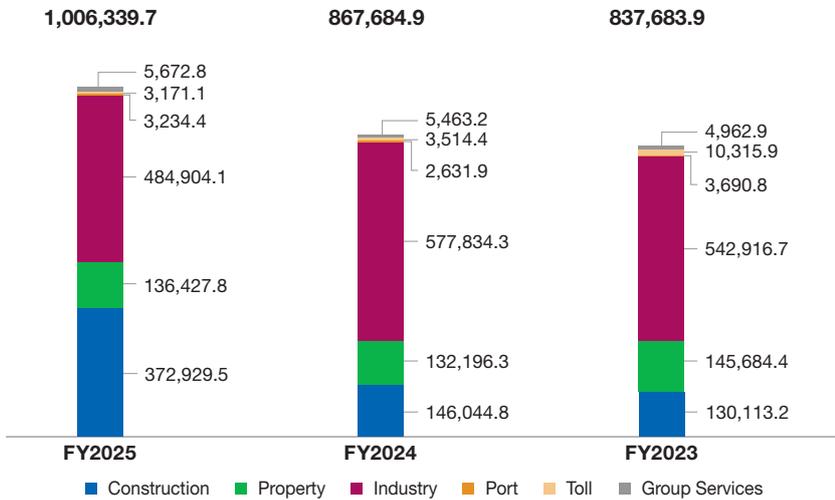
Asset-specific method: Collecting asset-specific (e.g., site-specific) fuel and energy usage data and process and fugitive emissions data or Scope 1 and Scope 2 emissions data from individual leased assets.

Investment-specific method: Collecting Scope 1 and Scope 2 emissions from the investee company and allocating the emissions based upon the share of investment.

Scope 3 Emissions in FY2025 (tCO₂e)



Scope 3 Emissions by Division (tCO₂e)



Menara Prudential, a LEED gold-certified and MSC-status green building

Scope 3 GHG Emissions by Categories (tCO₂e)

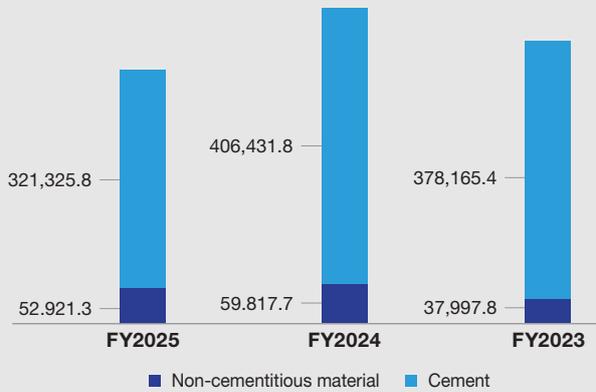


- Cat 1: Purchased goods and services
- Cat 6: Business travel
- Cat 13: Downstream leased assets
- Cat 4: Upstream transportation and distribution
- Cat 7: Employee commuting
- Cat 15: Investments
- Cat 5: Waste generated in operations
- Cat 11: Use of sold products

Reducing Scope 3 Emissions via Cement Substitution

Carbon emissions from cement consumption constituted approximately 30% of the Group's total GHG emissions in FY2025. The Industry Division made notable progress by increasing the substitution of cement with non-cementitious alternatives to 14.1%, an increase from 9.1% in FY2023. This initiative led to an emission avoidance of 47,106.2 tCO₂e compared to total emission without cement replacement. This avoidance is equivalent to approximately 9.7% of the Industry Division's total Scope 3 emissions and 4.7% of the Group's total Scope 3 emissions.

Cement Consumption by Industry Division (tCO₂e)



In FY2025, the Group's total emissions amounted to 1,077,256.2 tCO₂e, illustrated in the graph below. The three-year carbon footprint trend is depicted in the following graphic, providing a comparative view of the Group's emissions performance and progress over time. The Group's higher carbon emission recorded in FY2025 was mainly attributable to the significantly increased activities of the Construction Division, which saw a 53.2% year-on-year increase in revenue.

Scope 1 Direct

- Mobile combustion - **12,509.3** tCO₂e
- Stationary combustion - **8,560.4** tCO₂e
- Refrigerant leaks - **375.0** tCO₂e

2.0% of total emissions

Scope 2 Indirect

- Purchased electricity - **49,471.8** tCO₂e

4.6% of total emissions

Scope 3 Indirect

- Purchased goods and services - **957,053.3** tCO₂e
- Employee commuting - **4,535.6** tCO₂e
- Upstream transportation and distribution - **5,438.3** tCO₂e
- Use of sold products - **2,394.4** tCO₂e
- Waste generated in operations - **6,901.6** tCO₂e
- Downstream leased assets - **20,244.1** tCO₂e
- Business travel - **7,872.0** tCO₂e
- Investments - **1,900.4** tCO₂e

93.4% of total emissions



Electrical machinery at construction site

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Supply Chain Advocacy

In efforts to enhance the accuracy and transparency of our environmental reporting, we have begun engaging with suppliers to obtain product-specific emission factors and to identify high-impact areas for decarbonisation across the value chain. By collaborating directly with our supply chain partners, we aim to incorporate actual product-specific data, which enhances data quality, supports more robust climate-related disclosures and subsequently champions our decarbonisation efforts.

We recognise that fostering responsible supply chain practices requires close collaboration and open dialogue with our suppliers. To strengthen this, we have initiated regular engagement sessions aimed at improving environmental awareness and compliance with sustainability standards.

Engagement Sessions with our Suppliers

In FY2025, the Industry Division engaged with various suppliers, including those of concrete admixtures, mould oil, to support the Group’s sustainability roadmap and net-zero ambitions. These engagements focused on sustainability knowledge sharing on Lifecycle Assessments (LCA), Environmental Product Declaration (EPD), efforts to reduce Scope 3 emissions, as well as efforts to improve resource efficiency and identify

cost-effective solutions. Through these collaborations, the Division strengthened alignment with suppliers on environmental priorities and advanced its contribution to broader decarbonisation goals.

In line with the IJM Group Sustainability Framework, the Construction Division engaged with suppliers and subcontractors on ESG matters and emission reduction initiatives. The session reflect our commitment to fostering collaboration and driving sustainable practices across our value chain.



Construction Division engagement session with suppliers



Industry Division engagement with suppliers for sustainable best practices



**Reduce to net-zero
Resilience in a net-zero world**

R₂O STRATEGY

We launched our Climate Strategy, R₂O, in 2023, outlining a comprehensive approach to climate mitigation and adaptation, built upon two key insights. First, leading Intergovernmental Panel on Climate Change (IPCC) pathways indicate that the global temperature is on track to reach the 1.5°C threshold as early as the first half of 2030s, underscoring the urgent need to enhance climate resilience across our operations. Second, with Scope 3 GHG emissions comprising more than 90% of our FY2023 emissions baseline, it is clear that achieving a meaningful reduction requires a collective transition, engaging and enabling our supply chain to decarbonise alongside us.

Our R₂O efforts strengthen our organisational resilience and support long-term value creation as we transition to a low-carbon economy. R₂O is aligned with the TCFD recommendations, enabling us to systematically identify, assess and integrate climate-related risks and opportunities across our strategy, governance and operations. This will be refreshed as we adopt IFRS S2 requirements moving forward.

Climate Commitment

In FY2023, we announced our ambition to achieve net-zero carbon emissions by 2050, marking a significant milestone under the R₂O Strategy. This strategy employs a two-pronged approach to climate action, focusing on a structured transition towards

net-zero emissions ‘Reduce to Net-zero’, while strengthening climate adaptation efforts to enhance our long-term resilience against climate-related risks ‘Resilience in a Net-zero World’.

With climate change accelerating at an unprecedented rate and extreme weather events becoming more frequent and severe, the physical risks to our operations and value chain are intensifying. These developments underscore the growing urgency for decisive climate action and are reshaping the scale and speed at which transition risks are emerging. In response, we are committed to embedding climate resilience and sustainability into our strategy, governance and operations.

Scope 1	Scope 2	Scope 3
Net-zero by 2050	Net-zero by 2035 via 100% renewable electricity	Operational emissions Category 4, 5 and 6: Net-zero by 2050 Embodied emissions Category 1: Engage with supply chain for low-carbon plans by 2027



Roundtable session on current and future roadmaps with Sustainability Champions

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Reduction Targets

Reflecting on our level of influence across the emission scopes, IJM’s net-zero commitment by 2050 encompasses Scope 1, Scope 2 and operationally controlled Scope 3 emissions. For embodied Scope 3 emissions, particularly Category 1 (Purchased Goods and Services), we target to focus on supplier engagement and collaboration to drive emission reductions across our value chain.

We acknowledge the critical need to align our climate actions with the recognised scientific guidance, ensuring our pathway remains consistent with global efforts to address the climate crisis. In this context, the Group’s emissions reduction targets have been developed with reference to the criteria and recommendations of the Science Based Targets initiative (SBTi). While we have made strong progress in aligning our targets with SBTi’s cross-sector pathway, certain deviations from SBTi’s minimum ambition levels were necessary to reflect the specific context of our operations and value chain, as detailed in the following table:

Scope	SBTi’s minimum ambition ²		Our targets (Long-term)
	Near-term ¹	Long-term	
Scope 1	<ul style="list-style-type: none"> 4.2% reduction annually 	<ul style="list-style-type: none"> 90% absolute reduction by 2050 	Net-zero by 2050
Scope 2	<ul style="list-style-type: none"> 4.2% reduction annually 100% renewable electricity by 2030 	<ul style="list-style-type: none"> 90% absolute reduction by 2050 	Net-zero by 2035 via 100% renewable electricity
Scope 3	<ul style="list-style-type: none"> 2.5% reduction annually Suppliers and customers to set targets consistent with well-below 2°C ambition, covering at least 67% of Scope 3 emissions 	<ul style="list-style-type: none"> 90% absolute reduction by 2050 97% physical and economic intensity reduction 	Operational (Category 4, 5 and 6): Net-zero by 2050
			Engage with supply chain (Embodied emissions – Category 1) for low carbon plans by 2027, covering the remainder of the 67% of Scope 3 emissions

*Note:

¹ Up to 2033, following the 10-year timeframe by SBTi to meet near-term target based on FY2023 baseline

² Based on the Science Based Target Initiative Corporate Net-Zero Standard (2023)

Our Net-zero Reduction Strategy

As part of developing our climate strategy, R₂O, we established a comprehensive GHG emissions baseline in FY2023. This emissions profile serves as a foundation for establishing strategies that are in alignment with climate science and our ambition to transition towards net-zero. These strategies will be implemented in step with marketplace developments, emerging technologies, supporting infrastructure and regulatory requirements, ensuring a resilient and future-ready transition.

Aligning with our long-term pursuit for sustainability, our goal is to drive meaningful emission reductions while implementing strategic interventions that enhance our resilience to climate-related challenges, including extreme weather events, resource scarcity and tightening regulatory landscapes. By taking a proactive and forward-looking approach, we aim to future-proof our operations and contribute to a more sustainable, low-carbon economy.



Concrete reclaiming system

Our emissions baseline assessment identified that Scope 3, Category 1 (Purchased Goods and Services) emissions is the most significant contributor to our overall carbon footprint. This highlights the crucial role that our supply chain plays

in enabling our decarbonisation goals. In response, we place strong emphasis on supply chain decarbonisation, recognising that it demands a coordinated, industry-wide effort. Our emissions reduction

strategy centres on proactive supplier engagement, forging strategic industry partnerships and adopting low-carbon input materials to drive meaningful change across the value chain.

Reduce to net-zero	Energy Optimisation	<ul style="list-style-type: none"> • Explore alternative fuels • Electrification • Improve energy efficiency • Utilise alternative methods and input materials • Increase renewable energy adoption • Adopt low carbon transportation 	Scope of emissions addressed	Scope 1, 2 and Operational Scope 3
	Supply Chain Advocacy	<ul style="list-style-type: none"> • Reduce waste via material and operational efficiency • Adopt circular economy approach • Provide complimentary training to major suppliers • Enhance procurement strategies 		Operational and Embodied Scope 3
	Industry Engagement	<ul style="list-style-type: none"> • Work with industry associations and peers to align decarbonisation goals • Advocate whole of industry transition towards low carbon and climate resilience 		Embodied Scope 3
	Product Stewardship	<ul style="list-style-type: none"> • Incorporate sustainable design principles • Use of current and emerging technologies such as BIM and IBS • Prioritise low-carbon raw materials 		Embodied Scope 3

Our Resilience Strategy

Under our R₂O Climate Strategy, we have embedded climate adaptation measures to strengthen the Group’s resilience against the growing risks and impacts of climate change. These measures are designed to address the full spectrum of physical and transition risks, guided by insights from the comprehensive climate risk assessments conducted in FY2023.

Our strategy focuses on enhancing adaptive capacity and resilience across the entire value chain. This includes actively engaging with industry peers, associations and climate practitioners to foster collaboration and advocate for climate-resilient practices, particularly within our supply chain.

To stay ahead of emerging challenges, we will continue to conduct climate-related risk assessments and closely monitor the Group’s exposure to evolving climate science, market developments and regulatory changes. These efforts ensure our strategy remains dynamic, data-driven and aligned with the demands of a transitioning economy.

Resilience in a net-zero world	Climate Risk Integration with ERM	<ul style="list-style-type: none"> • Incorporate climate risk into ERM • Build internal capacity and understanding • Active partnerships with industry associations and like-minded stakeholders, particularly for systemic climate risks
	Asset and Business Adaptation	<ul style="list-style-type: none"> • Continuously assess physical qualitative climate risk assessment, based on available scientific data • Conduct quantitative assessment for projects and assets with higher exposure • Build supply chain resilience
	TCFD Alignment	<ul style="list-style-type: none"> • Perform benchmarking and disclose climate risks and opportunities • Continuous monitoring and reporting

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Managing Climate Risks and Opportunities

Climate-related risks are managed in accordance with the framework outlined in the Group’s ERM Policy. Given the longer-term nature of these risks, specific parameters have been established to evaluate their likelihood and potential impact.

Following our climate risk and opportunity assessment, we identified key risks that are most likely to affect our operations. To support this, we undertook a data-driven scenario analysis and qualitative screening of the Group’s businesses and assets. Physical risks were assessed using two scenarios developed by the IPCC, while transition risks were evaluated against pathways from the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS).

Climate scenarios considered

Type	Goal	Warming Level by 2100	Time Horizon
Transition	Announced Pledges Scenario (APS) ^a	-1.7°C	Near-term: 2030
	Divergent Net-Zero (DNZ) Scenario ^b	1.5°C	Long-term: 2050
Physical ^c	SSP ¹ 2-4.5 (RCP4.5)	-2°C - 3°C	Near-term: 2030
	SSP ¹ 5-8.5 (RCP8.5)	-4°C	Long-term: 2070

*Note:

¹ Shared Socioeconomic Pathway

*Source:

^a World Energy Outlook 2022, IEA

^b Scenarios for Central Banks and Supervisors, NGFS

^c IPCC Sixth Assessment Report, Working Group

Type of risks and opportunities assessed

Physical Risks	Transition Risks	Opportunities
<ul style="list-style-type: none"> Acute (flooding, storminess, heat waves) Chronic (temperature rise, sea level rise, precipitation change) 	<ul style="list-style-type: none"> Regulatory Legal Market Technology Reputation 	<ul style="list-style-type: none"> Products and services Energy source Resource efficiency Markets

Transition risks and opportunities

Transition risks arise from changes in policy, market conditions, regulations and technology as the global economy advances toward low-carbon and net-zero targets. These may lead to higher operational costs, driven by increased raw material prices, carbon taxation and compliance with emissions schemes. Additional considerations include evolving regulations, customer preferences and market expectations.

The Group assessed transition risks and opportunities using the Divergent Net-zero (1.5°C) and Announced Pledges (2°C) scenarios, based on IEA and NGFS assumptions. Assessments were conducted over near-term and long-term horizons, covering current and future operations in Malaysia and India, with inputs from senior management across business divisions.

Our operations in Malaysia have been identified as facing greater risk exposure compared to those in India, primarily due to more stringent policy and regulatory environments. The assessment highlights regulatory and market risks as the most material concerns with the potential to significantly impact the Group’s business. Under both the DNZ and APS scenarios, all divisions are subject to elevated regulatory risk exposure in both the near and long term. These risks are mainly associated with increasing requirements related to emissions reporting, carbon pricing

mechanisms and regulatory directives impacting our products and services.

Over the longer term, the Property and Industry Divisions are expected to face pronounced market risks under the DNZ scenario, while the Port Division is exposed to such risks under both DNZ and APS scenarios. These market risks are driven by rising material costs and a shifting demand landscape, as customers increasingly favour green and low-carbon developments, products and services.



EV bikes used for sales gallery operations at IJM Rimbayu

Physical risks and opportunities

Physical risks from acute and chronic climate events, such as extreme weather, pose threats to infrastructure, productivity and service delivery. Our assessment, referencing projections from the IPCC and the World Bank, examined worst-case (above 4°C) and current trajectory (2°C-3°C) scenarios. Key variables included temperature shifts, precipitation, flooding and sea level rise, analysed across both near-term and long-term horizons, aligned with our asset lifespans.

A location-specific risk review was carried out across nine sites in Malaysia and India, using existing risk registers, past incidents and tailored climate projections to assess asset vulnerability and the likelihood of physical climate impacts.

The Group is expected to face increasing exposure to both acute and chronic physical climate risks over time. The assessment identified

specific assets, particularly those located in Klang Valley and Pahang, as inherently vulnerable to pluvial flooding caused by heavy rainfall, especially in the near term under both climate scenarios. This reflects the regions’ historical susceptibility to such events.

In the longer term, the analysis highlighted an elevated risk of coastal flooding due to sea level rise in areas such as Penang and Johor under the SSP5–8.5 scenario. By contrast, the SSP2–4.5 scenario indicates a more gradual onset of such impacts. Additionally, the risk of heat stress is expected to intensify under both scenarios, given the consistent trend of rising temperatures, potentially affecting operational continuity and productivity across the Group.

Limitations to our assessment

We acknowledge the complexity and evolving nature of climate-related risks. This assessment focused on direct impacts to the Group’s physical

assets and operations and did not incorporate broader systemic risks such as food and water insecurity or public health. Understanding the compounding effects of such systemic challenges requires further research and engagement.

As part of our climate strategy, the Group is committed to fostering collaborations with local authorities, industry bodies and like-minded stakeholders to address wider systemic risks.

Importantly, each climate scenario also presents potential opportunities over different time horizons. These include enhancing asset and operational efficiency through resilient design and planning, adoption of innovative technologies, integration of low-carbon materials and capitalising on government-led incentives. The Group remains focused on evaluating and leveraging these opportunities to enhance long-term resilience across our operations and value chain.



UN Global Compact Network Malaysia & Brunei (UNGCMYB) industry sustainability sharing session

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MANAGING ENVIRONMENTAL IMPACTS

We remain focused on managing our environmental footprint. Guided by the Group’s Environmental Policy, we strive to conserve natural capital, prevent pollution and promote responsible waste management. Across our operations, we have established robust procedures to proactively identify environmental risks, assess their potential impacts and implement effective control measures. A structured approach to managing waste, water, noise and air emissions is embedded into all our operations and execution processes. These environmental controls are reinforced through compliance with applicable regulations and alignment with industry’s best practices. Together, these efforts ensure that our operations are conducted responsibly, contributing to sustainable resource use and the protection of ecosystems.

Waste

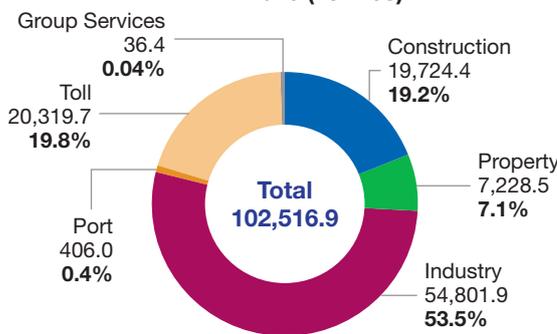
We adopt a systematic approach to waste management at IJM, underpinned by responsible material use and the principles of reduce, reuse and recycle wherever practicable. Our efforts are aimed at addressing the growing issue of construction and industrial waste, while reducing or avoiding environmental impact through more efficient resource utilisation.

Compliance with local waste regulations forms the baseline of our efforts, with ongoing initiatives to go beyond minimum requirements. Waste reduction is also a key component of our broader climate strategy, contributing to the reduction of Scope 3 emissions. In FY2025, the Group generated 102,357.3 tonnes of non-scheduled waste and 159.6 tonnes of scheduled waste. This resulted in an emissions footprint of 8,954.5 tCO₂e and 37.2 tCO₂e respectively.

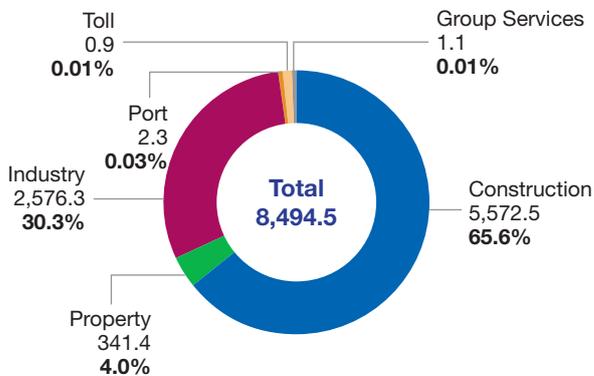
Scheduled and hazardous waste across the Group is managed strictly in accordance with safety and environmental regulations. These materials are securely stored in designated, clearly labelled areas and handled in compliance with prescribed standards. In FY2025, there were no incidents of non-compliance or penalties related to the management of scheduled waste.

Across the Group, we implement proactive waste measures to minimise landfill disposal. We do this by prioritising recycling and reusing efforts across our operations. Non-scheduled waste is segregated at source, with dedicated collection zones established at all sites. Licensed contractors are engaged to handle disposal and recycling at certified facilities. Emphasis is placed on the reuse of construction waste, where feasible. For example, concrete debris is crushed and repurposed to reinforce temporary road access at project sites. This reduces the need for new materials and lowers waste generation, which ultimately contributes to cost savings and a more sustainable approach over the long-term. In FY2025, a total of 8,651.8 tonnes of waste was diverted from landfill through a combination of recycling, reusing and off-site and on-site treatment initiatives.

Scheduled and Non-scheduled Waste Generated by Division in FY2025 (Tonnes)



Waste Reused and Recycled by Division in FY2025 (Tonnes)



Waste Diverted from Landfill by Type in FY2025 (Tonnes)

Total: 8,651.8



At division level, the Construction Division introduced a Waste Reduction Framework in FY2023 in alignment with the Group’s Sustainability Roadmap FY2023-FY2025. This framework serves as a guide to systematically manage and limit solid waste across operations.

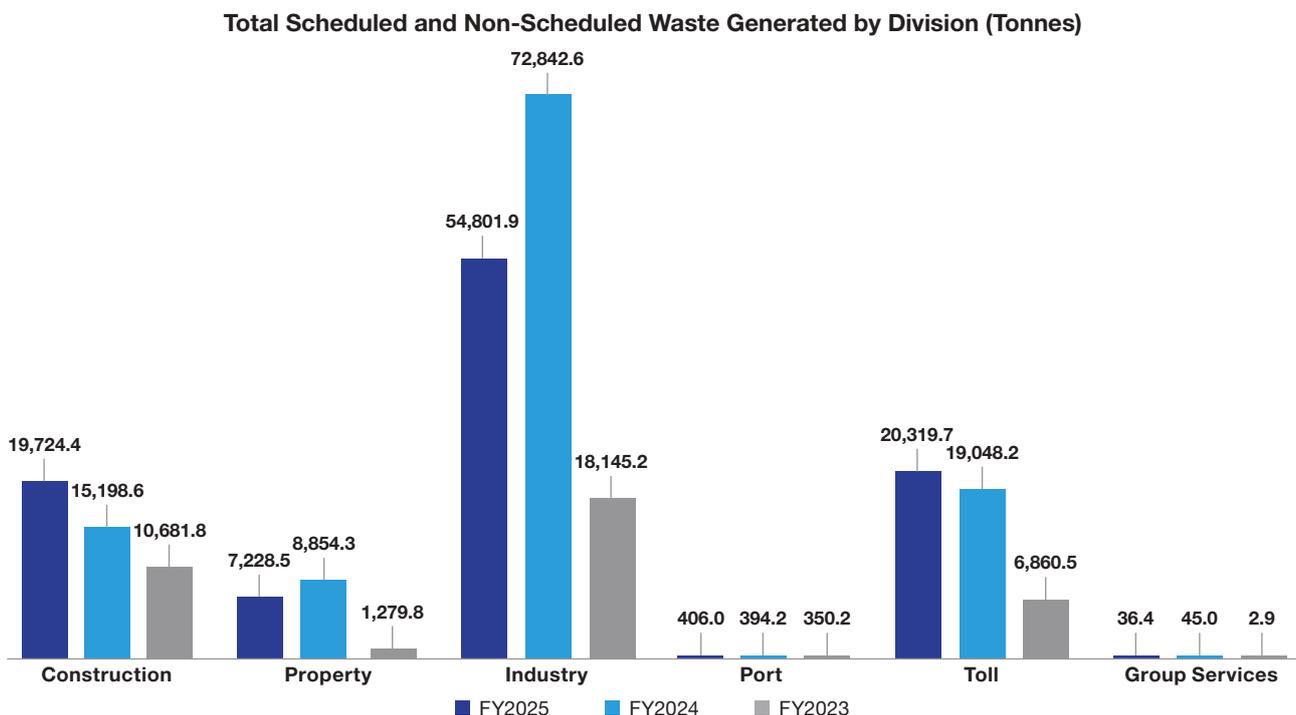
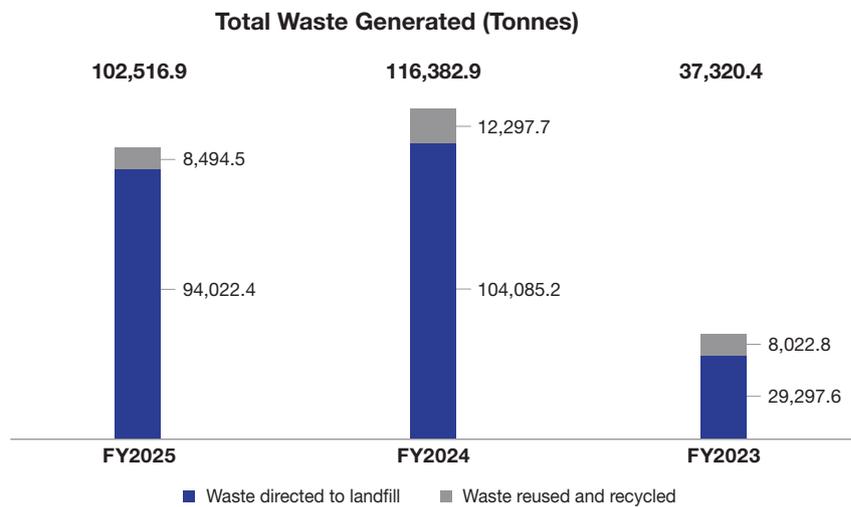
Additionally, the adoption of precast construction methods has significantly contributed to waste reduction at source. By shifting construction activities off-site into a controlled factory environment, material wastage is minimised, quality is improved and on-site disruptions are reduced. Precast elements are manufactured with high precision and designed to exact specifications, allowing better resource planning, lower rework rates and improved resource efficiency across project sites.

Complementing these efforts, the Division has also expanded the use of Building Information Modelling (BIM) to optimise project planning and design. BIM facilitates accurate quantity take-offs, clash detection and digital simulations, enabling early identification of potential design and construction issues. This lowers the

risk of errors, prevents material over-ordering and reduces unnecessary waste across the construction value chain.

For the Industry Division, IBS factory has adopted a reclaimer system to recycle unused concrete by separating sand, waste aggregate and slurry effluents. Thus, maximising material efficiency and reducing waste. Excess water extracted from the slurry is reused for concrete batching and general cleaning activities, further enhancing resource circularity and cost optimisation.

For existing highway pavement, the Toll Division is exploring a sustainable mill-and-pave method focused on improving pavement performance. As part of this effort, the Division is assessing the use of selected additives in the new asphalt mix. These additives are intended to enhance the strength, durability and resistance of the pavement to wear and aging. By exploring this approach, the Toll Division aims to extend the pavement’s lifespan, reduce the frequency of future maintenance and support a more cost-effective and environmentally responsible rehabilitation process.



Environment: Our Environmental Stewardship

Responsible Water Management

Water consumed across our business operations, including offices, factories and project sites, is primarily sourced from municipal water sources, surface water and groundwater. Aware of the growing challenge of water scarcity, we are committed to responsible water stewardship. We actively manage our properties and operations to minimise water consumption, reduce waste and protect local water resources. By doing so, we aim to uphold responsible water stewardship, mitigate our environmental impact while enhancing the long-term sustainability and resilience of our assets.

In FY2025, the Group’s total water consumption increased by 16.0% compared to FY2024, primarily due to increase in activity under the Construction Division. This rise underscores the importance of strengthening water management measures in high-consumption areas to ensure sustainable usage across operations.

To further reduce reliance on surface, groundwater and municipal sources, we are strengthening our rainwater harvesting initiatives. The Industry Division has also adopted responsible water management practices through the installation of 2-Star Rated Water Efficient Products Labelling Scheme (WEPLS) water fittings and a dedicated RWH system for irrigation purposes, collectively advancing sustainable and efficient water use across operations.

The Toll Division enhances the use of Rainwater Harvesting (RWH) System to support non-potable water applications such as cleaning at New Jersey Barrier (NJB), filling plastic barriers, watering landscaped areas and general site cleaning,



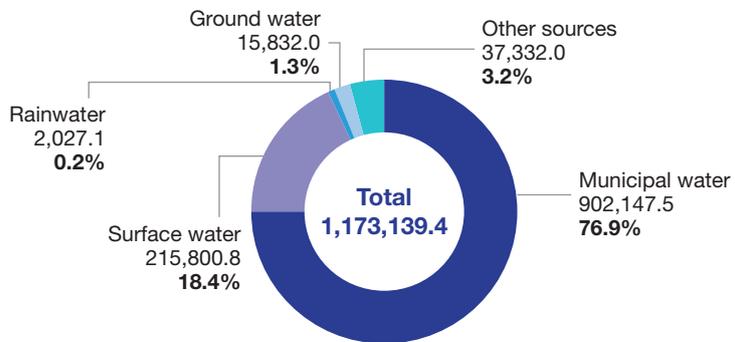
Rainwater harvesting tank installed to support sustainable water management at IBS factory

contributing to more sustainable and efficient water management practices.

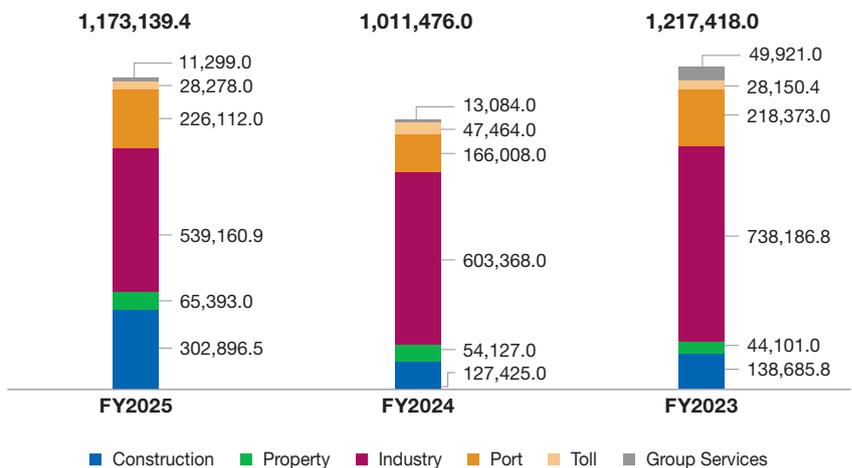
Additionally, we continue to implement robust and effective control measures to ensure strict compliance with all water quality and quantity permits, regulatory

standards and environmental requirements. This ongoing commitment to responsible water management is reflected in our performance for FY2025, where no instances of non-compliance with water quality standards were recorded.

Water Consumption by Source in FY2025 (m³)



Water Consumption by Division in FY2025 (m³)



Protecting Biodiversity

We acknowledge the critical interdependence between climate and nature. Climate change, if not mitigated, is expected to have significant impacts on the global natural environment and may exacerbate existing risks, including biodiversity loss. At the same time, nature plays an essential role in climate regulation and presents important opportunities to manage and mitigate climate-related impacts. Biodiversity loss and ecosystem collapse are increasingly recognised as among the most significant and fast-rising global risks. In response, we are committed to minimising our ecological footprint by protecting sensitive habitats and integrating biodiversity safeguards into project design and execution. During the financial year, we maintained compliance with EIA requirements and continued biodiversity management across key projects.

We also acknowledge the growing importance of integrating nature-related risks and dependencies into our strategic and operational decision-making. Guided by the Taskforce on Nature-related Financial Disclosures (TNFD), we will explore the intricate interdependencies between nature

and business to better understand how these connections translate into financial risks and opportunities. By embedding these insights into our risk management and value creation processes, we aim to enhance business viability, protect ecosystem services and contribute to a sustainable and nature-positive future.

For the Property Division, we completed a comprehensive biodiversity assessment, encompassing both terrestrial and aquatic ecosystems within Sebana Cove Resort and its adjacent ecosystem. The development is currently reviewing its master plan, taking into consideration the recommendations outlined in the biodiversity assessment.

Sustainable Design and Product Lifecycle Management

We remain committed to embedding sustainable building and construction principles as a key enabler of environmentally responsible developments and the creation of resilient communities. Across the Group, efforts are focused on reducing the environmental footprint of our developments through the adoption of innovative materials, design solutions and construction methods.

The Group’s investment property, Menara Prudential, is a LEED Gold-certified building that integrates various resource-saving features. It is equipped with energy-efficient lighting, smart meters and cooling systems, supported by a building management system that enables continuous energy efficiency monitoring.

The Property Division continues to pursue sustainability-driven opportunities by incorporating meaningful green spaces into project planning and design, where more than 10% of land area will be allocated for green zones across residential developments. This target will be achieved through a systematic process involving the early identification and planning of green areas, integration into master plan layouts, submission for regulatory approval and implementation in accordance with approved plans. In one of our developments, 58 units of double-storey homes were constructed using ECO Green Bricks (EGB) except for party wall. A total of 15,520 bricks used per intermediate unit and 15,035 bricks per corner unit. This marks the start of our efforts to incorporate green materials in our products.

Additionally, the Division is also actively pursuing green building certifications as a key strategy for product differentiation and sustainable value creation. Each development undergoes a feasibility study to assess its readiness and potential for green certification prior to final assessment and award. The Division targets a minimum GreenRE Bronze rating for all new projects, with the ambition of securing certifications at the Silver or Gold level where possible. In FY2025, we were awarded four GreenRE certificates, with an additional 15 projects granted provisional GreenRE certifications, reflecting a strong pipeline momentum and our continued focus on embedding green building standards across our portfolio.



Sebana Cove is located near the larger Sungai Santi that houses swathes of mangroves

Environment: Our Environmental Stewardship

Projects with GreenRE Certificates from FY2023 to FY2025



31 projects with GreenRE certificates



3 Gold certified projects



3 Silver certified projects



25 Bronze certified projects



Certified with GreenRE Silver rating, IJM Bayouri Gallery's sustainability features sustainability principles which result in lower carbon emissions

In line with our commitment to decarbonisation under the R₂O Climate Strategy, our Industry Division is actively innovating to reduce embodied carbon in its product offerings. Beyond pursuing green certifications, the Division has progressively lowered the cement content in its concrete spun piles by incorporating cement alternatives and admixtures into the mix design.

Industrial by-products such as fly ash, ground granulated blast furnace slag (GGBS) and limestone (CCP) are used as partial cement replacements, significantly reducing the carbon footprint of concrete production. Additionally, admixtures are introduced to accelerate curing time, reducing the need for steam curing and improving production efficiency. These material innovations

support the Group's transition toward low-carbon construction materials and contribute to the reduction of both Scope 1 and Scope 3 GHG emissions. This approach also reinforces our long-term ambition to expand a sustainable product portfolio that meets market demand for greener, more responsible building solutions.

Award-winning Sustainable Township ‘Sanctuary Terrace’

Property Division’s Sanctuary Terrace development in Permatang Sanctuary earned national recognition by winning The Earth Conscious Award: Best Sustainable Development (Township). Conferred by StarProperty, this award honours developments that demonstrate a strong commitment to environmental sustainability through thoughtful planning, design and construction, while promoting green living as an integral part of daily life.

Sanctuary Terrace incorporates a range of sustainable features aimed at reducing environmental footprint. These include the use of renewable energy sources, passive design strategies to improve energy efficiency and the integration of green spaces throughout the township. The development promotes sustainable urban living by balancing built infrastructure with natural elements and by designing

community spaces that support long-term ecological and social resilience.

This recognition reflects the Division’s ongoing efforts to embed sustainability within property developments, aligned with the Group’s broader goals of delivering long-term environmental and community value.



Sanctuary Terrace development in Permatang Sanctuary

Advancing Sustainable Construction with BubbleDeck Technology

IJM IBS has found considerable success in providing innovative construction solutions through the deployment of BubbleDeck, an advanced precast slab system. Supported by a highly skilled team and smart production capabilities, IJM IBS is delivering this next-generation solution with exceptional speed and efficiency.

BubbleDeck incorporates a voided slab system that eliminates non-structural concrete, enabling a reduction in

concrete volume by up to 40% compared to conventional slab. This results in a lighter structural design, up to 35% less in weight while simultaneously enhancing load-bearing capacity.

The result is a lighter, stronger and more sustainable construction method that lowers foundation demands, reduces transportation costs and minimises environmental impact.



Precast Bubbledeck slab system by IJM IBS